
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE
MEETING MINUTES

March 15, 2011

A meeting of the Benefits and Program Administration Committee (BPAC) was held on Tuesday, March 15, 2011, in the Lincoln Plaza North Auditorium, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:30 a.m. and the roll was called. The following members were present:

George Diehr, Chair
Rob Feckner, Vice Chair
John Chiang
Richard Costigan
Henry Jones
Priya Mathur
Louis Moret
Tony Oliveira
Howard Schwartz for Ronald Yank

Other Board Member(s):

Grant Boyken for Bill Lockyer
JJ Jelincic
Terry McGuire arrived for John Chiang at 10:35 a.m.

**AGENDA ITEM 3 – ELECTION OF THE BENEFITS AND PROGRAM
ADMINISTRATION COMMITTEE CHAIR AND VICE CHAIR**

Mr. Feckner called for nominations for the BPAC Chair. Mr. Costigan nominated George Diehr. No further nominations were made.

On **MOTION** by Mr. Costigan, **SECONDED** by Ms. Mathur and **CARRIED**, the Committee elected Mr. Diehr as Committee Chair.

Mr. Diehr called for nominations for the BPAC Committee Vice Chair. Ms. Mathur nominated Rob Feckner. No further nominations were made.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Costigan and **CARRIED**, the Committee elected Mr. Feckner as Committee Vice Chair.

AGENDA ITEM 4a – BOARD ELECTION INFORMATION

Kim Malm, Chief, Operations Support Services Division, presented Board Election Information as an information item. Action was taken on this item at the request of Mr. Feckner to provide more direction.

On **MOTION** by Mr. Feckner, **SECONDED** by Ms. Mathur and **CARRIED**, the Committee recommended the Board accept staff's recommendations in number four and five of the Issue Memo in Attachment A of the agenda item and have staff return to provide additional information on items three and nine at a future meeting.

AGENDA ITEM 5a – POLICY FOR PROPOSED DECISIONS FROM THE OFFICE OF ADMINISTRATIVE HEARINGS – SECOND READING

Tricia McBeath, Assistant Chief Counsel, Legal Office, presented the Policy for Proposed Decisions from the Office of Administrative Hearings as an action item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Moret and **CARRIED**, the Committee recommended the Board adopt the revised Policy as set forth in Attachment B of the agenda item and the Board retain external counsel to advise the Board in connection with Proposed Decisions from the Office of Administrative Hearings.

AGENDA ITEM 6a – AB 89 (HILL): COMPENSATION LIMIT FOR DETERMINING RETIREMENT BENEFITS

Danny Brown, Chief, Office of Governmental Affairs, presented AB 89 (Hill): Compensation Limit for Determining Retirement Benefits as an action item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Jones and **CARRIED**, the Committee recommended the Board support, if amended, to incorporate Internal Revenue Code (IRC) section 401(a)(17) directly.

AGENDA ITEM 6b – AB 873 (FURUTANI): POST-SEPARATION EMPLOYMENT FOR STATE RETIREMENT SYSTEM BOARD AND STAFF

Mr. Brown presented AB 873 (Furutani): Post-Separation Employment for State Retirement System Board and Staff as an action item.

On **MOTION** by Mr. Feckner, **SECONDED** by Mr. Moret and **CARRIED**, the Committee recommended the Board support, if amended and continue to work with the State Controller staff.

AGENDA ITEM 6c – SB 439 (NEGRETE MCLEOD): LIMITS ON GIFTS AND TRAVEL

Mr. Brown presented SB 439 (Negrete McLeod): Limits on Gifts and Travel as an action item.

On **MOTION** by Mr. Costigan, **SECONDED** by Mr. Oliveira and **CARRIED**, the Committee recommended the Board adopt a support position of SB 439 as drafted.

AGENDA ITEM 7a – ESTABLISHMENT OF DISCOUNT RATE ASSUMPTION FOR THE PUBLIC EMPLOYEES' RETIREMENT FUND

Alan Milligan, Chief Actuary, presented Establishment of Discount Rate Assumption for the Public Employees' Retirement Fund as an action item.

On **MOTION** by Mr. Feckner, **SECONDED** by Mr. Moret and **CARRIED**, the Committee recommended the Board continue with the current discount rate assumption of 7.75 percent. Mr. Costigan abstained.

AGENDA ITEM 7b – ESTABLISHMENT OF THREE ASSET ALLOCATIONS FOR THE CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT)

Rand Anderson, Chief, Constituent Relations Office, presented the Establishment of Three Asset Allocations for the California Employers' Retiree Benefit Trust as an action item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Moret and **CARRIED**, the Committee recommended the Board accept the establishment of the three asset allocations strategies for the CERBT.

AGENDA ITEM 7c – ACTUARIAL ASSUMPTIONS MODEL FOR OTHER POST-EMPLOYMENT BENEFITS – REVISION TO EXISTING MODEL

Mr. Milligan presented the Actuarial Assumptions Model for Other Post-Employment Benefits – Revision to Existing Model as an action item.

On **MOTION** by Ms. Mathur, **SECONDED** by Mr. Costigan and **CARRIED**, the Committee recommended the Board adopt revisions to the CalPERS Other Post-Employment Benefits Assumption Model to reflect the establishment of three asset allocation strategies for the CERBT and their respective discount rate assumptions.

AGENDA ITEM 7d – CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT) UPDATE

Mr. Anderson presented the CERBT update as an information item.

AGENDA ITEM 7e – CHIEF ACTUARY REPORT

Mr. Milligan presented the Chief Actuary Report as information item.

AGENDA ITEM 8 – PSR: STAKEHOLDER COMMUNICATIONS FOR SYSTEM CONVERSION

Donna Lum, Assistant Executive Officer, Member and Benefit Services Branch; Karen Ruiz, Project Director, Pension System Resumption; Christian Farland, Chief, Enterprise Transition Management; Brad Pacheco, Chief, Office of Public Affairs, and Tacey Derenzy, Manager, PSR Communications Office, presented the PSR: Stakeholder Communications for System Conversion as an information item.

AGENDA ITEM 9a – ASSISTANT EXECUTIVE OFFICER REPORT

Ms. Lum presented the AEO report as an information item.

AGENDA ITEM 9b – DRAFT AGENDA FOR THE APRIL 12, 2011, BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE MEETING

The following item is to be added to the agenda:

- Contract Reform Update

PUBLIC COMMENT

The following individuals provided public comment on Agenda Item 7a:

Kreg Muller, President, Huntington Beach Police Officer Association

Richard Jacobs, Finance Director, City of Orange

Kathleen Tiegs, Board President, Cucamonga Valley Water District

Harvey Robinson, Retired Public Employee Association

Neil Johnson, SEIU Local 1000

Marc Fox, Assistant City Manager, City of Pittsburg

Shawn Atin, County of Riverside

Robert Thacker, had technical questions for actuarial staff, the Chair directed Mr. Milligan to answer Mr. Thacker's questions after the meeting.

The next meeting of the Benefits and Program Administration Committee is scheduled for April 12, 2011, in Sacramento, California.

DONNA RAMEL LUM
Deputy Executive Officer
Customer Services and Support

Date